

# GENERAL COUNSEL'S REPORT

June 22, 2016

A. The Farms at Bailey Station Skilled Nursing Facility, Collierville (Shelby County), TN — CN1303-008A

Request for an 23 month extension from August 1, 2016 to July 1, 2018.

The establishment of a skilled nursing facility consisting of thirty (30)\* Medicare certified skilled nursing beds to be part of a continuing care retirement community (CCRC). The estimated project cost is \$7,301,961.

\*These beds are subject to the 2012-2013 Nursing Home Bed Pool.

The project was approved June 26, 2013, by a 10-0 vote.

Groundbreaking is expected to occur in the 3rd quarter of 2016, with completion in early 2018.



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BURR FORMAN

May 27, 2016

James B. Christoffersen  
General Counsel  
Tennessee Health Services and Development Agency  
502 Deaderick Street, 9th Floor  
Andrew Jackson Building  
Nashville, TN 37243-0200

Re: Request for Extensions:  
Farms at Bailey Station, CN1303-008A  
Farms at Bailey Station, CN1311-045A

Dear Jim,

The two CONs referenced above are both part of the same overall project – an approximately \$160M+ continuing care retirement community (CCRC) to be located on 34 acres in Shelby County. Two separate CONs were required because of the 30 bed per application limitation on skilled nursing beds; a total of 60 beds are needed in order to achieve and maintain feasibility. CN1303-008A was approved on June 26, 2013 and has an expiration date of August 1, 2016. CN1311-045A was approved on February 26, 2014 and has an expiration date of April 1, 2017. The CON holder, Luke, Inc., a Tennessee not-for-profit corporation, requests an extension of both CONs to July 1, 2018.

The need for the extensions stems primarily from the sheer scope and complexity of the project. The CCRC will include 266 independent living apartments, 63 garden homes, and the 60 bed skilled nursing and rehabilitation facility. Also included in the complex will be a 400,000 square foot Clubhouse with 6 restaurants, a 300+ seat performing arts center, a fitness center with an indoor pool, sauna, steam, chapel, health clinic, salon, movie theater, arts and crafts room, library and business center, and a park-like courtyard called “Central Park” the size of a Canadian football field. Future phasing will include assisted living and memory care services. The sprawling complex will be located on approximately 34 acres of currently undeveloped land in the Collierville community in eastern Shelby County. The estimated cost of the entire CCRC project is approximately \$160 million.

A number of pre-construction steps are required before ground-breaking can occur. Those steps are well underway, but are not yet completed. A certain number of independent

James B. Christoffersen  
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living apartments (70% of phase one or 126 apartments) must be pre-sold with 10% deposits in order to assure viability. The sales team has reached approximately 44% (or 55 10% apartment deposits) of its goal, and those efforts are continuing. 17 garden home lots have been sold in addition to the 55 apartments and 7 couples will start building their garden homes this summer. In March of this year, Retirement Companies of America ("RCA") retained the services of Greystone, a national developer and manager of Senior Living communities, to assist them in the areas of marketing and finance. This added bench strength has already had an impact on the pace of sales and interest in financing the project. In addition, a financing package including both public and private financing has to be negotiated and closed. To date, two well-known national issuers of bonds (HJ Sims and Ziegler) have expressed interest in financing the project.

The current best estimate as to ground-breaking is as follows: Garden Homes: ground-breaking 3<sup>rd</sup> Quarter of 2016; Skilled Nursing Facility: ground-breaking 1<sup>st</sup> Quarter of 2017; Senior Apartments and Clubhouse: ground-breaking 3<sup>rd</sup> Quarter of 2017. This estimated schedule should permit the SNF to be completed by the 1<sup>st</sup> Quarter of 2018, but an additional cushion is needed to allow for unknown contingencies and the licensure survey.

Please place this matter on the agenda for the June 22, 2016 Agency meeting. I and other representatives will be there to answer questions and provide additional information as needed. A check for the two extensions in the total amount of \$16,372.48 is submitted herewith (\$10,473.28 for CN1303-008A and \$5,899.20 for CN1311-045A). Please let me know if we have miscalculated the fee and we will be glad to rectify that. Thank you for your assistance.

Sincerely yours,

Burr & Forman LLP



Jerry W. Taylor



## State of Tennessee

### Health Services and Development Agency

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

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July 24, 2013

Jerry W. Taylor, Esq.  
Stites & Harbison, PLLC  
401 Commerce Street, Suite 800  
Nashville, TN 37219

RE: The Farms at Bailey Station Skilled Nursing Facility - CN1303-008A

Dear Mr. Taylor:

As referenced in our recent letter, please find enclosed your Certificate of Need for the above-referenced application that was approved at the June 26, 2013, meeting of the Tennessee Health Services and Development Agency.

The Health Services and Development Agency Rules require that an Annual Progress Report be submitted each year and a Final Project Report form is to be submitted within ninety (90) days after completion of a project which shall include completion date, final costs, and other relevant information in regards to the project, pursuant to Public Acts 2002, Chapter No. 780, § 16-11-1609(d). Also required is the registration of certain medical equipment pursuant to Tennessee Code Annotated § 68-11-1607(i), which states "*The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, lithotripters, magnetic resonance imagers, linear accelerators and positron emission tomography.*" ..... "*The survey shall include but not limited to the identification of the equipment and utilization data according to source of payment.*"

The aforementioned forms can be found on the Agency's website at [www.tennessee.gov/HSDA](http://www.tennessee.gov/HSDA). Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "Melanie M. Hill".

Melanie M. Hill  
Executive Director

MMH/mab

cc: Dan Henderson, Division of Health Statistics, Office of Policy, Planning & Assessment  
Ann R. Reed, Health Care Facilities - Licensure  
Bill Harmon, Director of Engineering, Health Care Facilities

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**STATE OF TENNESSEE**  
**Health Services and Development Agency**



Certificate of Need No. CN1303-008A is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Luke, Inc.  
2171 Judicial Drive, Suite 215  
Germantown, TN 38138

For: The Farms at Bailey Station Skilled Nursing Facility

This Certificate is issued for: The establishment of a skilled nursing facility consisting of thirty (30)\* Medicare certified skilled nursing beds to be part of a continuing care retirement community (CCRC).

\*These beds are subject to the 2012-2013 Nursing Home Bed Pool.

On the premises located at: Unaddressed site on Crooked Creek Road off Houston Levee Road  
Collierville (Shelby County), TN 38017

For an estimated project cost of: \$7,301,961.00

The Expiration Date for this Certificate of Need is

August 1, 2016

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: June 26, 2013

D. By Johnson  
Chairman

Date Issued: July 24, 2013

M. A. M. M. M.  
Executive Director